Family and Youth
Services Bureau

Developing Your Sustainability

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Agenda

- Defining Sustainability

- Starting Assumptions

- What Should Be Sustained?

- Revenue Strategies and Techniques

- Peer Panel Discussion

Defining Sustainability

"Give a man a fish, you have fed him for a day.

Teach a man to fish, and you have fed him for a lifetime."

Author Unknown

Defining Sustainability

Webster's Dictionary

sus·tain a·bil i·ty (*noun*) *1 : The state of continued existence. 2 a : using a resource so that the resource is not depleted or permanently damaged b : of or relating to a lifestyle involving the use of sustainable methods*

Defining Sustainability

FYI: Other terms for sustainability that appear in literature are:

- **Institutionalization**
- **Routinization**
- **Maintenance**
- **Capacity-building**
- **Continuation**
- **Confirmation**

3 Areas of Sustainability

- Infrastructure
- Programs
- Revenue

Starting Assumptions

- Human Service programs are doomed to failure without an appropriate infrastructure to support and sustain them.
  Sustainability is a reiterative and reflective ongoing process.

- Human service programs are comprised of multiple levels. These levels can be interdependent and/or independent.

- Organizations have a culture that may be resistant to change. Sustainability actions must be adapted to fit that reality.

The Process of Sustainability

For infrastructure, programs, and revenue, you should:

1. Assess challenges

2. Develop a plan

3. Execute the plan

4. Evaluate and modify the plan

5. Repeat

What Should Be Sustained?

- Define key elements of your programs, infrastructure, and fundraising strategies
  - What works?
  - What doesn't?
  - How could you package different sub-components?
- Have current budget for all costs

What Should Be Sustained?

- Ongoing need

- Evidence of success

  – Understanding of factors contributing to success

- Cost-effectiveness

- Stakeholder support

What to Sustain? Options

- Continue as is
- Continue, but at reduced level or with changes
- Move it elsewhere
- Don't continue

Sustainability

"Planned Abandonment"

If you weren't already doing this, would you start it up today?
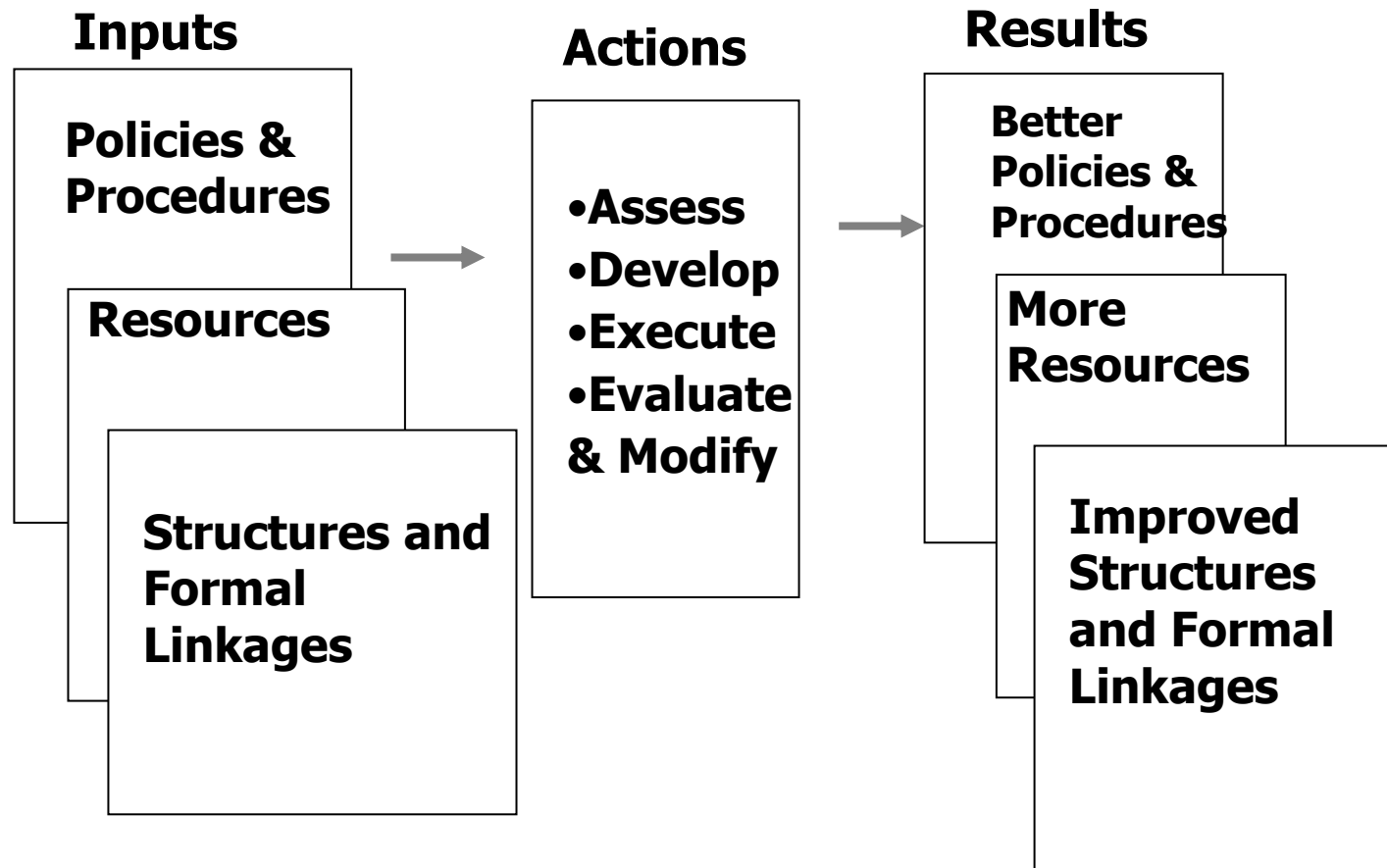
Three Areas of Sustainability

- **INFRASTRUCTURE**

- **PROGRAMS**

- **REVENUE**

Infrastructure

- **Structures, Roles and Relationships**
- **Champions**
- **Resources**
- **Administrative Policies and Procedures**
- **Expertise**

A Simple Logic Model for Infrastructure

INFRASTRUCTURE
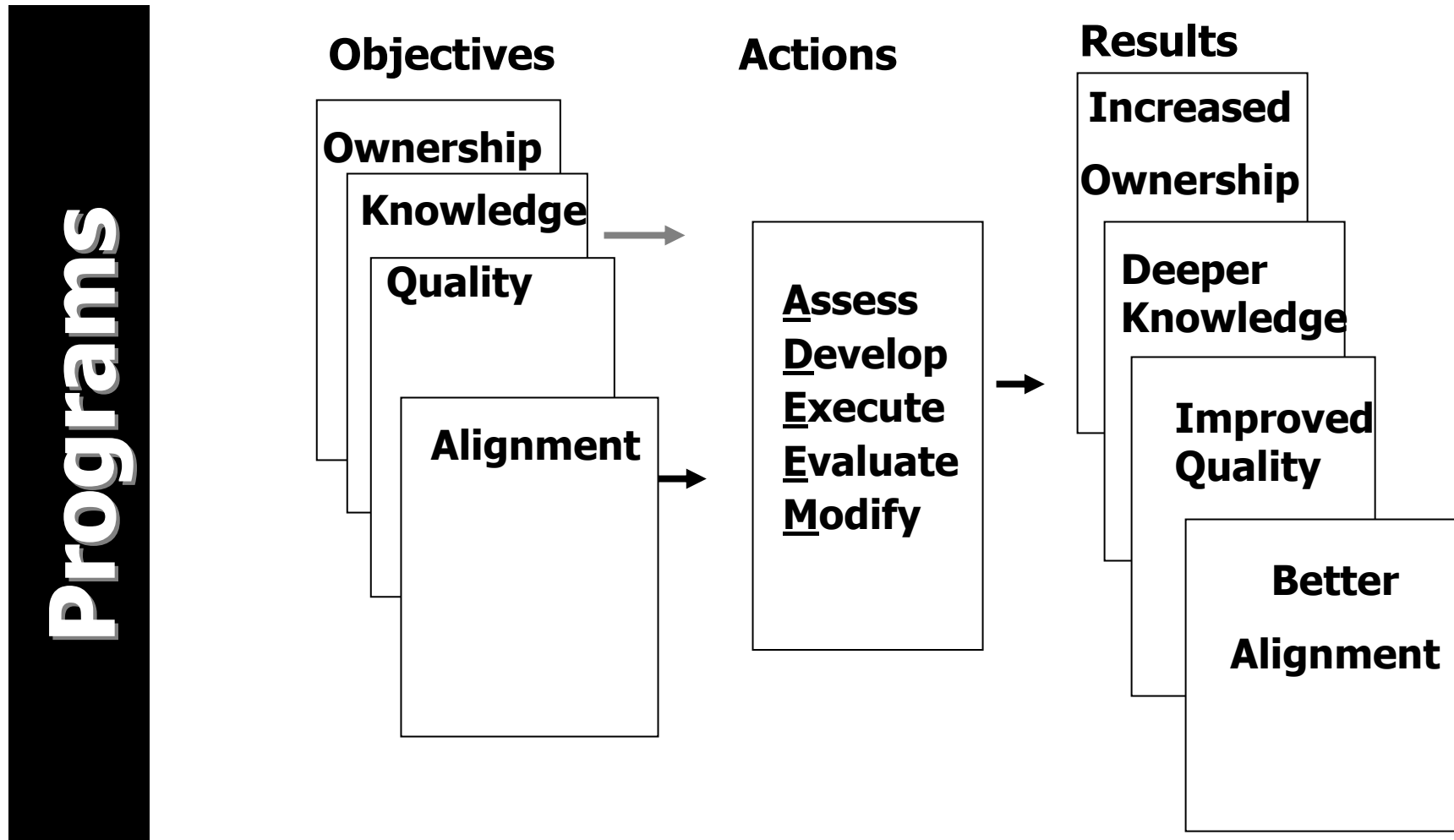
Inputs

Policies & Procedures

Resources

Structures and Formal Linkages

Actions

- Assess
- Develop
- Execute
- Evaluate & Modify

Results

Better Policies & Procedures

More Resources

Improved Structures and Formal Linkages

Programs

- Alignment

- Relationships

- Implementation quality

- Knowledge of effectiveness

- Ownership

A Simple Logic Model for Programs

Programs

Objectives

Ownership

Knowledge

Quality

Alignment

Actions

<u>A</u>ssess
<u>D</u>evelop
<u>E</u>xecute
<u>E</u>valuate
<u>M</u>odify

Results

Increased Ownership

Deeper Knowledge

Improved Quality

Better Alignment

Identify and Measure Outcomes

Outcome Measurement-a *systematic* way to assess the extent to which a program achieved its intended results. In other words, gauging the **effectiveness** of your program

Area 3: Revenue

Increasing Your Revenue

- You must have a plan

- A good plan begins with self assessment.

Why?...

If you fail to plan, you plan to fail…

Increasing Your Revenue

- A good plan begins with self assessment.

How?...

A Simple Revenue Plan

Revenue

1. **A**ssess your goals and capacity
2. **C**larify your strategy
3. **H**omework on cost share regulations
4. **I**dentify appropriate revenue sources
5. **E**xecute your plan
6. **V**erify your results and make modifications
7. **E**ducate yourself

The A.C.H.I.E.V.E. Process:

- Enables you to perform a revenue focused SWOT Analysis

- Gives you guidance on meeting a grant related cost share

- Allows you to compare and contrast 14 revenue sources

A.C.H.I.E.V.E

Assess your goals and financial resource capacity

- Establish goals

- Financial resource SWOT analysis

A.C.H.I.E.V.E

Assess your goals and financial resource capacity

Establish Goals		
Financial Resource Goal	**Where I am today**	**Where I need to be**
Annual revenue		
Special project revenue		
# donors		
# volunteers raising revenue		
Fundraising expense		
Other		
Other		

Goals

Financial Resource Goal	Where I am today	Where I need to be
Annual revenue	$300,000	$350,000
Special project revenue	0	$50,000
# donors	60	90
# volunteers raising revenue	1	20
Fundraising expense	35%	15%
Other		
Other		

A.C.H.I.E.V.E

Assess your goals and financial resource capacity

Financial SWOT Analysis

SWOT Statements	
SWOT Areas	**Statements about your organization**
Strengths	
Weaknesses	
Opportunities	
Threats	

SWOT Statements

Strengths	•Our president is unafraid to ask for money •We have a solid track record •We own our building and rent out excess space at market rates
Weaknesses	•Our organization has existed 20 years and is not known beyond our local community •Our annual cash flow peaks in December and May and dries up in January/February and summer.
Opportunities	•We were invited to merge with a newer, larger organization similar to ours, though the other organization has a significant amount of debt •Our latest board member serves on the community foundation board •We can leverage the Federal grant for PR and participation. •We have been offered 10 acres of land, zoned for light commercial usage five miles out of town and below market rates
Threats	•The ABC organization began holding a larger, very visible, more "profitable" annual fundraising benefit •The ABC organization's president was featured in several lengthy articles about our mutual service area. As a result, the community foundation has expressed interest in providing possible support

An income strategy answers:

- Should I build on an existing revenue source?

- Do I need to start a new revenue source?

- Can I borrow or use someone else's revenue source?

You've got four choices:

- Enhance an existing source of revenue

- Start a new source

- Partner for revenue

- Partner for in-kind support

Generally contributions are okay if they:

- Can be verified with your organization's records
- Are not used on other federally assisted projects
- Are necessary and reasonable for accomplishing your project, salary or hourly rate
- Are shown in your approved budget
- Have been rightly valued depending upon the property
- Were given with the purpose of meeting the match or cost share
- Are not paid out of other federal funds

- Is it possible to use Indirect Costs as part of cost sharing?

- Your cooperative agreement will spell out direct and indirect cost budget categories.

- Larger nonprofits with multiple grant streams negotiate Indirect Cost Rates with the state or Federal government.

- OMB Circular A-22 describes how Indirect Cost Rates are calculated.

A.C.H.I.E.V.E

Identify the Appropriate Revenue Source

15 Revenue Sources	
Annual or sustained gifts	**Major gifts**
Planned gifts	**Foundation grants**
Cause-related marketing	**Corporate giving program**
Related earned income activities	**Unrelated business income (UBI)**
In-kind	**Supporting organization**
Benefits	**Federal, State and local municipalities**
Churches/denominations	**Federated funds**
Internet	

<u>Annual or Sustained Gifts</u>

- Provides operations funds

- Names acquired and converted to regular donors

- Direct response tools are least expensive

- Volunteers can become donors, and vice versa

- Donor life expectancy can be 5+ years on your files.

- Mediocre ROI

Major Gifts

- Funds for operations, projects programs endowments, start-up, and capital

- Relies on senior leadership's sales ability

- Prospects are screened, rated, researched, and profiled

- 10-16 month multi-step cultivation and solicitation process

- Good ROI, especially for seasoned staff

Major Gifts Program Start-up

1. Commit volunteer and staff leadership
2. Organization invests in prospect research and prospect rating
3. Volunteer leadership reviews names and develops contact and cultivation strategy for each name
4. Staff plans and implement cultivation events
5. Systems created to handle, acknowledge, and report on gifts
6. Legal review of contracts, pledge forms, board policies, etc.

General Rules of Thumb

- A base of individual donors that give annually to your organization.

- A people-oriented leader who likes face-to-face visits.

- A board that will commit to identify & qualify prospects, to host cultivation events, and to make a gift according to their financial capacity when asked.

- An organization with an annual operating budget of $150,000 or greater.

When asking goes well…

- The right person asks
- The right prospect for
- The right amount in
- The right way at
- The right time for
- The right cause with
- The right follow-up

Why you didn't get the gift…

- Didn't meet face to face
- Inadequate preparation by staff or volunteer
- No strategy in meeting
- Assumed too much
- Failed to probe
- Failed to listen
- Premature ask
- Stressed features and under-emphasized benefits
- Didn't ask

Planned Gifts

Funds for projects, programs, endowment and capital.

- Relies on field staff's interpersonal skills and filing of appropriate registrations with the state

- Prospects are screened for age, gift history and financial capacity

- Can build on major gifts or stand alone

- Very good ROI, especially for seasoned staff

Federal, State and Local Municipalities

- Funds for operations, projects, programs, in-kind and capital
- Relies on relationships between CEO/board and elected leadership, their staffs and committees.
- Requires fulfillment of all application requirements
- Research and careful matching of the opportunity to the limitations of the funding opportunity
- Must be within the funding appropriation's guidelines
- Unused funds may need to be returned
- Must understand their outcome and evaluation requirements
- Very good ROI

State Funding Tips

State Government Home Page

- www.state.(insert state abbrev.).us
- Can search keywords AND "funding" OR "grants"
- Look at different agency links

State Funding Tips

- Use your connections with faith-based liaisons, DHHS and ACF directors to access state officials.

- Find out which state legislators sit on committees that could influence funding for your project. Meet with them.

- Don't be afraid to advocate!

- Mobilize your champions.

Foundation Grants

- Funds for operations, projects, programs, endowment and capital.

- Relies on research of the funding opportunity, are of interest, and geography limitations

- Relies on relationships between CEO/Board and foundation leadership and fulfillment of all application requirements.

- Very Good ROI

Start with Existing Relationships

- Who has supported your work already?

- Which local funders are interested in supporting the organizations you've worked with?

- Who do you know?

- Who do your champions know?

- What elements would interest each funder?

Research Other Funders

- Use key words to search in funding directories, online databases and the Internet
  - Federal Government
  - State Government
  - Foundations, national and local

Foundations

Start with funding-source directories:

- Foundation Center Online: www.fdncenter.org

- Management service organizations (MSOs) with grant guides for your state

- Subject Area Directories with key-word indexes

- *Check your local libraries!*

Foundation information

- Funder's current guidelines and annual report

- Internet research--use search engines to enter funder name

- Foundation and corporation grant indexes

  - More corporate information can be found at Hoovers Online (www.hoovers.com), but a subscription fee is required

- Form 990s—foundation tax returns

  - www.nccs.urban.org

  - www.guidestar.org

Red Flags

- Annual reports or directory listings that say:
    - "Pre-select"
    - "No unsolicited proposals"
    - "Grantees selected by Board of Trustees"
- When you call a funder for guidelines and they refuse to send them to you.
- What you can do:
    - Is anyone in your circle of influence able to get information about your organization in front of foundation trustees/family?

Building Relationships With Foundations

- Meet with your existing foundation contacts to discuss your ideas.

- Know that it could take 6 months to a year to get the project funded, so start now!

- Use your existing relationships to establish relationships with new funders.

- Meet with them in person, if you can!

What relationships could you start cultivating now?

- Conferences that involve funders

- Funder listservs

- Local funder coalitions

- List of foundations in your binders

Proposals must demonstrate:

- Mission-related work

- Benefits to community

- Urgency

- Competency

- Accountability

How to customize proposals:

- Review guidelines carefully to identify funder's key interests and themes

- Develop your "theory of the grant"

- Address each guideline question in order

- Obtain additional information needed

Highlight how you meet funder priorities:

- Talk about issue in terms of funder's priorities

- Highlight data about funder's primary interest area

- State how your goals and objectives align with the funder's

- Describe programs in funder's language

- Make sure budget request is for something that the funder funds

Follow up with funders:

After the proposal…

- Send thank-you letters to funders whether or not you receive a grant (and definitely after a site visit).

- Call for written comments (government) or any verbal feedback on the proposal. Ask how it could be strengthened in the future.

- Look at the grant as the first step in building a long-term relationship with a funder.

Follow up with funders:

- Invite funders to events, performances.

- Send copies of your newsletters and notices of important events in your organization to funders.

- Credit funders in news releases and marketing materials for their contributions to your success (make sure funder allows this).

- Get in reports, financials and other documents on time.

- Spend your grants on the purposes for which they were received.

Cause-Related Marketing

- Funds for operations, projects, and programs.

- Relies on staff having for-profit marketing savvy and experience.

- Must understand what the corporation wants out of this arrangement (Negotiation).

- May generate Unrelated Business Income Tax (UBIT).

- Good ROI as the agreement matures

Corporate Giving Programs

- Funds for projects, programs, endowment, capital, in-kind and loaned services.

- Relies on relationships between your senior management and corporate leadership.

- Large sums are normally one time gifts.

- Likely contributions nearer to headquarters.

- Good ROI

Earned Income Related to your Mission

- Funds for operations, projects, programs, endowment, and capital.

- Relies on business acumen

- The business must be a profit maker before it's worth developing further.

- May require separate governance structure, separation of accounts, and financial filings.

- Very Good ROI (no development costs)

Unrelated Business Income

- Funds for operations, projects, programs, and capital.

- Relies on business acumen

- Most know the extent of taxable exposure as defined by the IRS.

- Good ROI

<u>In-Kind</u>

- Funds for operations, projects, programs, Federal cost share

- Sometimes begins as a corporate solicitation for cash and then negotiates to an in-kind donation

- Relies on great recordkeeping and processing

- Very good ROI

Supporting Organizations

- Funds for operations, projects, programs and people
- Relies on excellent communications between senior leaders of both
- organizations
- Volunteer intensive activities generate PR, services and revenue.
- May operate an earned income enterprise
- Clearly proscribed limits of authority are essential
- Mediocre ROI

Benefit Events

- Funds for operations, campaigns and programs
- Relies on volunteer leadership to establish and maintain momentum through planning and pre-event phases
- For fundraising, the size of the event is not as important as the development strategy
- Need a great concept, location and a date that doesn't conflict with other local benefit events
- Poor ROI for $$, except fully sponsored events
- Good indirect ROI for raising your organization's profile

Churches and Denominations

- Funds for operations, projects, programs and people
- Relies on communications between senior leadership and church leadership
- Good source of in-kind donations
- Smaller donations are common, but larger churches may have more discretionary funds.
- May take a year to receive a gift
- Must match area of interest, geography and theological worldview
- Mediocre ROI

Federated Funds

- Funds for operations
- Relies on relationships between staff and foundation leadership
- Start-up organizations are generally not permitted to participate
- Must fit priority focus
- Qualification process takes time
- Time consuming for staff with periodic detailed reviews
- Must be within their guidelines
- Must work with their staff
- Good ROI

Web Fundraising

- A common approach to online donations is to simply publish a membership or annual fund brochure online including a form that the visitor can print and send via mail with a check or fax with a credit card number.

- Other web sites give the visitor the option of phoning the organization with a credit card number.

- But as e-commerce sales continue to grow, completing the donation transaction online will become a necessary convenience for donors and a standard feature at most nonprofit Web sites.

Web Fundraising

Incorporating online technologies into your revenue plan:

- Charity Malls

- Donation Portals

- Your Own System.

* Any US non-profit that fundraises over the Internet is required to register as a professional solicitor in all 39 states that require it.

A.C.H.I.<u>E</u>.V.E

Execute the Revenue Plan

- Plan objective

- Revenue source

- Summary of costs

- Adjustment to systems

- Schedule

<u>Verify Your Results</u>

- Results matter

- Track the performance of every revenue source you chose to implement or enhance

- Make modifications at the first sign of underperformance

- Include key stakeholders

A.C.H.I.<u>E</u>.V.E

<u>Educate Yourself Continually</u>

- Download the guidebooks and do the exercises

- Look for additional training and networking opportunities

- The guidebooks include bibliographies

- Philanthropy periodicals

- Certifications

Strategic Considerations

- **Outcome Measurement**

- **Stories of Impact**

Why Measure Outcomes?

Outcome Measurement-a *systematic* way to assess the extent to which a program achieved its intended results. In other words, gauging the **effectiveness** of your program

Outcome Measurement

The key question is:

"What has changed in the lives of individuals, families, or the community as a result of this program?"
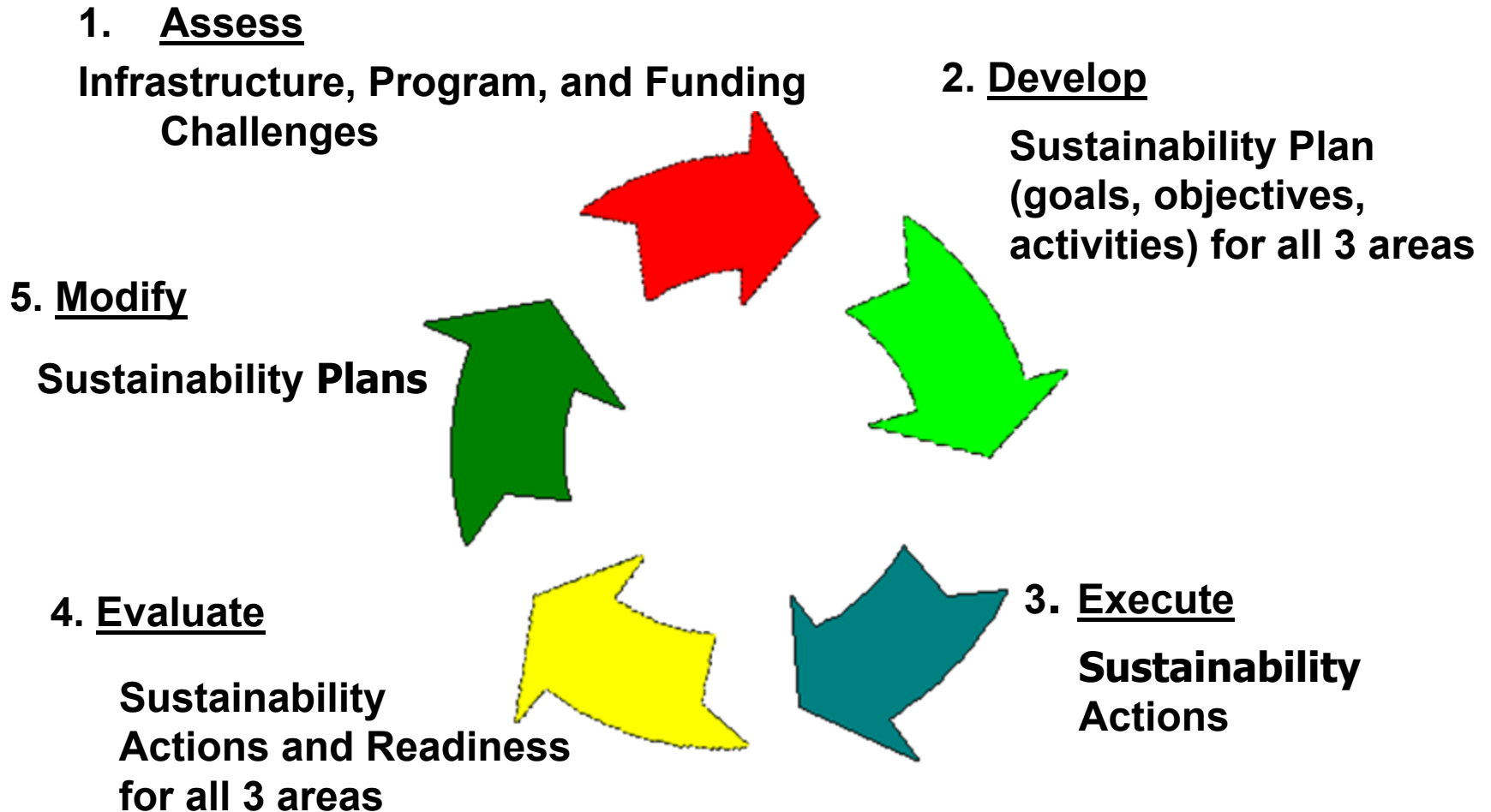
Reasons to Measure Outcomes

- **Reporting and grant requirements**

- **Requests from funders**

- **Improving program effectiveness and impact**

Storytelling

Be able to tell how you used funds to make a significant **impact** in the lives of the people and community you serve, and/or to improve your operations and organizational structure for increased effectiveness.

The Sustainability Process

1. Assess

Infrastructure, Program, and Funding Challenges

2. Develop

Sustainability Plan (goals, objectives, activities) for all 3 areas

5. Modify

Sustainability Plans

4. Evaluate

Sustainability Actions and Readiness for all 3 areas

3. Execute

Sustainability Actions

Summary

- Sustainability applies to INFRASTRUCTURE PROGRAMS and REVENUE.

- Apply a Logic Model to develop and maintain INFRASTRUCTURE and PROGRAMS.

- Apply the A.C.H.I.E.V.E. process to sustain REVENUE (different acronyms, same concept).

- Begin by challenging what is and is not necessary to sustain.

- You end by starting over--**sustainability** is an ongoing, cyclical process.

Panelists

- **Wendy Bohdel**

  Vice President, Mentoring Programs
  Big Brothers Big Sisters of Central MD and the Lower Eastern Shore

- **Susan Walsh**

  Executive Director

  Committed Partners for Youth

Q & A

and

Panel Discussion